

VZCZCXRO0799  
PP RUEHDE  
DE RUEHAD #1163 1931445  
ZNY CCCCC ZZH  
P 121445Z JUL 07  
FM AMEMBASSY ABU DHABI  
TO RUEHC/SECSTATE WASHDC PRIORITY 9340  
INFO RUEHLO/AMEMBASSY LONDON PRIORITY 1201  
RUEHFR/AMEMBASSY PARIS PRIORITY 1013  
RUEHDE/AMCONSUL DUBAI PRIORITY 7166  
RHMFISS/DEPT OF ENERGY WASHINGTON DC PRIORITY  
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RHEHAAA/WHITE HOUSE WASHINGTON DC PRIORITY

C O N F I D E N T I A L ABU DHABI 001163

SIPDIS

SIPDIS

DEPT FOR NEA/ARP, EEB/ESC/IEC/EPC  
WHITE HOUSE FOR OVP

E.O. 12958: DECL: 07/12/2017

TAGS: [EPET](#) [ENRG](#) [ECON](#) [AE](#)

SUBJECT: DOLPHIN GAS ARRIVES IN UAE & ABU DHABI CONSIDERS  
FUTURE OIL CONCESSIONS

REF: A. ABU DHABI 1021

[1](#)B. ABU DHABI 539

[1](#)C. 06 ABU DHABI 4325

Classified By: Ambassador Michele J. Sison for reasons 1.4 (b & d).

[1](#)1. (SBU) Dolphin Energy announced on July 10 that it was now sending natural gas from its production wells in Qatar's North field to the UAE. According to the press release, Dolphin Energy is now processing the gas at its "dedicated gas processing plant in Qatar's Ras Laffan Industrial City - then transporting the refined methane by sub sea export pipeline" to Abu Dhabi. Occidental Development President Rolf Monjo told Econchief that Dolphin would increase to full production of two billion cubic feet per day as quickly as the engineers allow. We have previously heard that Dolphin hopes to be fully operational by first quarter 2008.

[1](#)2. (C) Hamed Hurr Al-Suwaidi, Abu Dhabi Finance Department Undersecretary and member of Abu Dhabi's Supreme Petroleum Council (SPC) told Econchief on July 8 that the SPC and the Abu Dhabi National Oil Company (ADNOC) were planning for the 2014 expiration of the Abu Dhabi Company for Onshore Oil Operations (ADCO) concession. He said that ADNOC was currently planning to break up the concession into smaller blocks. This would allow IOC's operate their own blocs in partnership with ADNOC, which Al-Suwaidi speculated, could address some companies' concerns. Currently competitors such as ExxonMobil and BP are also partners in ADCO, and Exxon has expressed some concerns about having its proprietary technology leak to its partners/competitors. ADNOC Deputy CEO Abdulla Nasser Al-Suwaidi had previously told Econchief that breaking up the concession would also allow more IOC's the opportunity to partner with ADNOC.

[1](#)3. (C) Comment: The long-awaited Dolphin launch should help alleviate some of the UAE's near term gas needs, assuming that it grows to full capacity on schedule. ADNOC had been blending 600 million cubic feet of its own gas with "early gas" from Qatar Petroleum that Dolphin had been transporting to Dubai. ADNOC had planned to stop providing this gas this summer once Dolphin began providing its own gas, which would enable it to provide more gas to Abu Dhabi's own power needs (ref b). In the longer term, however, rapid UAE growth is expected to drive demand higher than what Dolphin can meet. The upcoming expiration of the ADCO concession will complicate ADNOC plans to increase oil production capacity as IOC partners weigh significant capital investments against

the relatively short remaining life of the concession. End  
Comment.  
SISON